

Federal Fund Cash and Related Balances

Conversion from MARS to eMARS



Data Preparation and Cleansing Guide

Prepared for

**Commonwealth
of Kentucky
eMARS Project**

October 31, 2005



This page left blank intentionally.



Introduction.....	1
Conversion Objectives	1
Conversion Analysis Database (ProjCash3).....	1
Reports	2
Work Plan.....	4
Work Plan Instructions	4
Step 1 – Identify active grants to be converted.	4
Step 2 – Add a record to the table T_GrantsToConvert for each active grant that will be converted.....	4
Step 3 – Maintain the table T_GrantsToConvert	5
Step 4 – For grants that will not be converted, dispose of cash balances	6
Example 1: Cash Consolidation in a Single Cash Control Account	7
Example 2: Cash Consolidation by Each Cash Control Account	8
Example 3: Inter-fund Cash Settlement	9
Step 5 – For grants that will be converted, record corrections to “out-of- balance” conditions	10
Call for assistance if you need it.....	11
Step 6 – For grants that will be converted, clean up cash and related nominal balances	11
Year-end and New Year Processes.....	12



This page left blank intentionally.



Introduction

This guide provides instructions for preparing Federal Fund financial balances for conversion from MARS to eMARS. The guide also provides instructions for disposing of Federal Fund financial balances applicable to grants that will not be converted from MARS to eMARS.

Conversion Objectives

The financial data conversion objectives this guide is designed to serve are as follows:

- To dispose of Federal Fund cash balances identified with inactive grants that will not be converted from MARS to eMARS in the appropriate manner.
- To convert accurate Federal Fund cash balances from MARS to eMARS in the context of the grants to which they apply.

Accurate cash balance means a balance that:

- If positive, represents a bona fide liability to a federal grantor. For example, federal cash received in advance of the federal share of expenditures it should finance.
- If negative, represents a bona fide receivable from a federal grantor. A bona fide receivable from a federal grantor is an amount that is due under the terms of a grant because your agency has incurred reimbursable expenditures that have not yet been reimbursed by the federal grantor.

Conversion Analysis Database (ProjCash3)

You will use a Microsoft Access® database named ProjCash3 (Access® 2000 format) or ProjCash3_97 (Access® 97 format) to help you identify the grants that should or should not be converted from MARS to eMARS. You can find the database on the eMARS web site <http://finance.ky.gov/internal/emars/>. **Do not open and run the database from the web site!** Copy the database from this site to the hard drive of your computer or to a file server accessible by everyone in your agency who will be involved in this effort.

You will need to refresh the database when you first use it and periodically thereafter. To do so, click on Macros. You will see the three following macros:

- M000100_RefreshFCT2GLTTLS
- M000200_RefreshTLastMARSBilling_000100
- M000300_RefreshTLastMARSBilling_000200

To run any of the macros, highlight it and click on ! Run, or double-click on the macro.

Macro M000100_RefreshFCT2GLTTLS runs three queries that empty and repopulate the table that is the basis for most of the database's reports. The table's title is T_FCT2GLTTLS. The macro should run reasonably quickly. You should run it frequently, probably once a week at a minimum. You will need to do this so that you can monitor the grants that will convert from MARS to eMARS to make sure that the sum of all their transactions is zero, indicating that they are "in balance" – discussed later in this guide.



You need to run the last two macros to produce the Final MARS Project Billing report.

The macros discussed above invoke queries that retrieve data from the Management Reporting Database. As a result, Access will be prompt you for login credentials the first time you run one of the macros in an Access session. You will respond with the same login identification and password that you always use when you access the MRDB or use Seagate to access MARS reports.

You should be aware of a couple of cautions while using the database:

- You should approach making changes to the database with caution. It is not protected in any way. You can add or change queries, reports, etc. You could affect the reliability of the supplied tables, queries or reports if you change them.
- The table T_FCT2GLTTLS, which is internal to the database, is the input to some of the queries. If you are not alert, it is possible for you to alter the data in the underlying table by typing over it in the query's dataset. If you do so, it will be very difficult for you to detect the consequences of your action. This is another reason why you should periodically refresh the database by running the provided macro. Doing so will empty and repopulate this table.

Several people in your organization may work on the tasks described in this guide. As a result, you will probably store the database on a server where all these people can access it. However, you should designate one person in your organization as the "owner" of the database. The database contains one table to which you will add records. The task of adding these records should be the responsibility of the designated owner.

Reports

The database provides the reports described below. All of these reports are derived from data that is extracted from the Management Reporting Database. As a result, the data is only as current as the last time you ran the above discussed macro. If you run the macro every day, your data will be as current as the previous day's MARS transactions.

If you have access to other agencies' data because your agency makes sub-grants to other agencies, you will see those agencies' data in these reports.

- **STARS to MARS Federal Fund Cash** – Rpt03_Q001200_FY2000CashConvJVs – This report shows the transactions that recorded Federal Fund cash control balances converted from STARS to MARS.
- **STARS to MARS Federal Fund Grant Balances** – Rpt04_Q001500STARStoMARSGrantBals3 – This report shows the inception-to-date revenue and expenditure balances converted from STARS to MARS. If you do not see anything on this report, it is probably because your agency never processed the Journal Vouchers created to record those balances.
- **Federal Fund Account Balances by Grant** – Rpt05_1200FundAcctBalsByGrant – This is the report that you will use most extensively in your analysis. It shows you, by grant, totals for balance sheet accounts such as "Cash on Deposit with State Treasurer" and account types such as "Revenue" and "Expenditures." The report contains columns for fiscal 1999, fiscal 2000, fiscal 2001-2004, fiscal 2005, fiscal 2006, and total across all fiscal periods. The fiscal period columns are provided to help you identify the grants that



are no longer active and should not be converted to eMARS and those that are active and should be converted.

- **Travel Vouchers Payable** – Rpt05_A_1200FundT210Restatement – This report shows the effect of restating travel-vouchers-payable liquidations that occurred prior to October 26, 2002. See page 6 for more information on this subject.
- **Federal Fund Cash Balances by Grant** – Rpt06_CashBalancesByGrant – This report shows you the total of each grant's cash transactions.
- **Federal Fund Cash Control Balances** – Rpt07_CashControlBalances – This report shows you your agency's cash control balances.
- **Account Titles** – Rpt08_AcctTitles – This report provides titles for the "Accounts" shown on the report Federal Fund Account Balances by Grant.
- **Active Grants with Non-Zero Totals** – Rpt11_Non_Zero_Active_Grants – This report will help you complete Step 5 of the work plan that follows.
- **JVMs for a Specified Grant** – Rpt12_JVMs_for_a_Specified_Grant – This report will help you complete Step 5 of the following work plan.
- **Final MARS Project Billing** – Rpt14_Last_MARS_Billing – This report will help you create the manual Cash Receipt in eMARS for the final MARS Project Billing run of July 7, 2006. See the Year-end and New Year Processes section.

Work Plan

Step	Description	Due Dates
1	Identify active grants to be converted	11/30/2005
2	Add a record to the table T_GrantsToConvert for each active grant that will be converted.	12/9/2006
3	Maintain the table T_GrantsToConvert	6/30/2006
4	For grants that will not be converted, dispose of cash balances.	12/31/2005
5	For grants that will be converted, record corrections to "out-of-balance" conditions.	6/15/2006
6	For grants that will be converted, clean up cash and related nominal balances.	6/15/2006

Work Plan Instructions

Step 1 – Identify active grants to be converted.

Use the Federal Fund Account Balances by Grant report to identify those grants that are active and should be converted from MARS to eMARS. The following provides general criteria for identifying grants that should be converted:

- Candidates for inclusion in conversion: active grants (defined as all grants with financial activity during budget fiscal year 2005 or later (exclusive of transactions required by this guide) or any other grant for which your agency's accountability to the grantor has not yet expired); exceptions based on sound reasons from grant accountants.
- Candidates for exclusion from conversion: inactive grants (defined as all grants with no financial activity since fiscal year 2004 or earlier (transactions required by this guide excepted) or any other grant for which your agency's accountability to the grantor has expired); exceptions based on sound reasons from grant accountants.

Step 2 – Add a record to the table T_GrantsToConvert for each active grant that will be converted

MARS' project/sub-project/phase is used in the following types of activities:

- Federal grants for which accounting is carried out in the Federal Fund as well as one or more state funds (e.g., General and/or Agency Revenue funds),
- Federal grants that fund capital construction projects, where all the accounting is carried out in the Capital Projects (0200) Fund, and
- Grants of state monies made by state agencies to external entities where all the financial activity is reflected in state funds (e.g., General Fund, Agency Revenue Fund).

Add a record to the table T_GrantsToConvert for each grant that should be converted from MARS to eMARS. If the grant is one with financial activity in the Federal Fund, enter the value "1200" in the Fund field. If the grant does not have financial activity in the Federal Fund (e.g., a capital project or an entity created to track grants made by your agency), leave the Fund field empty. **Do not add any records to the table for Capital Projects Fund (0200) projects except for any that are funded by active federal grants that need to be converted to eMARS.**

The T_GrantsToConvert table will serve a number of purposes. It will form a building block in the conversion of grant-related reference (or setup) from MARS to eMARS. It will be used to identify the grant entities for which financial data needs to be gathered in MARS for conversion to eMARS. Centrally converted financial data for grants with financial activity in the Federal Fund will include the only the Federal Fund cash balance, by grant. Agencies at their option may convert inception-to-date revenue and expenditure balances, for which we will provide separate instructions. .

The December 9, 2005 deadline for this task will facilitate the creation of grant-related setup data in time to test that data prior to its final entry into eMARS.

In order to submit your T_GrantsToConvert data to the eMARS implementation team, follow the following procedures:

1. In the tables area of the ProjCash3 database, click once on the table T_GrantsToConvert to highlight it.
2. On the File menu, click export.
3. In the File name box, enter ####eMARSGrants, where ### is your agency code.
4. Click the Save as type list, and then click Microsoft Excel 97-2002 (*.xls).
5. Click Ok.
6. Click Export.
7. Email the file ####eMARSGrants to Diana Holberg (Holberg, Diana (FIN MARS)), with copies to your AIL and Connie Camden (Connie.Camden@ky.gov).

Step 3 – Maintain the table T_GrantsToConvert

You should continue to maintain the T_GrantsToConvert table beyond Step 2's November 30, 2005 deadline. You should continue this effort as long as you are still adding new project/grant entities to MARS. Subsequent to Step 2's deadline, the data in this table will serve two important purposes:

- It will be essential to helping you complete Step 6. The T_GrantsToConvert table makes possible the Active Grants with Non-Zero Totals report, which enables you to efficiently identify grants that are "out-of-balance" so that you can identify the causes and record the necessary corrections.
- It will be used in gathering the MARS grant-related financial balances that will be converted to eMARS.

We will provide subsequent instructions about when and how you should submit the grants cross-walk data containing updates since Step 2's November 30 deadline.



Step 4 – For grants that will not be converted, dispose of cash balances

The introduction pointed out that one of the goals of the conversion from MARS to eMARS is to convert Federal Fund cash balances classified by the grants to which they apply. Since the goal is to convert cash balances by grant and since some grants will convert and some will not, some kind of disposition must be made of the cash balances that will not convert. We are basing our approach to this on the premise that inactive grants' cash balances whether positive or negative belong to the state. The assumption is that a negative cash balance resulted from posting expenditures to the Federal Fund that the grantor did not reimburse, or that a positive cash balance resulted from a reimbursement of the grantor's share of non-cash charges (e.g., as a result of applying an overhead rate).

When the conversion from STARS to MARS took place, we converted Federal Fund cash balances without classifying them by grant. We also record the year-to-year cash carry-forwards without classifying them by grant. You can see the results of this activity on the Federal Fund Account Balances by Grant report. The row that contains spaces in the Grant column and the value "01-0110" in the Account column reflects the results of this cash treatment. In other words, this classification resulted in cash balances that we cannot identify with any grant.

You will use a two-step procedure to dispose of cash balances in *inactive* grants:

- The first step is to consolidate the balance in a project/sub-project/phase you will establish to serve as a cash clearing account. **This consolidation will include the cash balance in the accounting string that classified the carry-forward from STARS (i.e., the one that does not include Project/Sub-project/Phase).**
- The second step is to eliminate the balance against a state fund.

You will use the Federal Fund Account Balances by Grant report (Rpt05 ... in the Reports section of the database) as your major tool in completing this step. While you are using this report be aware that it reflects a reclassification of Travel Voucher Payable payments recorded prior to October 26, 2002. These payments (i.e., accounting entries that debited Travel Vouchers Payable (Balance Sheet Account T210) and credited Cash on Deposit with the State Treasurer (Balance Sheet Account 0110) were not classified by Project, Sub-project, and Phase as they should have been. We have identified the incorrectly classified transactions and matched them to the project/sub-project/phases' by which they should have been classified. The report Travel Vouchers Payable (Rpt05_A ...) shows the restatements of Cash on Deposit with the State Treasurer and Travel Vouchers Payable that are reflected in the Federal Fund Account Balances by Grant report.

First, establish the project/sub-project/phase combination to serve as the cash clearing account. *It is mandatory that you use the code **CASHC LR Z** in project, sub-project, and phase respectively.*

Your Project Appropriation (PAPR) table setup and the accounting entries you will make will depend on how your agency's cash is controlled and whether the individual cash control balances will help you know how to make the inter-fund cash settlement. The following examples illustrate this.



For purposes of the examples to follow, assume that your agency has three inactive grants with the Federal Fund cash balances below:

Grant (Project / Sub-project / Phase)	Cash Balance
GRANT 01 Z	-\$10
GRANT 02 Z	-\$15
GRANT 03 Z	-\$25

The three grants are associated with the Program Budget Units and cash control Allotment Programs illustrated below on the Project Appropriation (PAPR) and Program Reference (PRFT) tables respectively.

Grant (Project / Sub-project / Phase)	PAPR PBU	PRFT Cash Control (Cash Control Level 4)
GRANT 01 Z	AAA0	AA0
GRANT 02 Z	ABA0	AB0
GRANT 03 Z	ACA0	AC0

Example 1: Cash Consolidation in a Single Cash Control Account

You have decided that the specific cash control account you use to effect the inter-fund cash settlement is not important. On PAPR, therefore, you can tie the clearing account CASHC LR Z to any PBU you choose. In this example you tie it to ACA0.

Project / Sub-project / Phase	Fund	PBU
CASHC LR Z	1200	ACA0
CASHC LR Z	####	****

= Fund from/to which inter-fund cash settlement will take place

**** = PBU to be used on non-Federal-Fund-accounting-lines of inter-fund cash settlement

The table below illustrates the accounting entries you will make to consolidate your inactive grants' cash balances in CASHC LR Z. Note that these entries are made *within* the Federal Fund.

Account Type	Balance Sheet Account	Program Budget Unit	Project / Sub-project / Phase	Debit	Credit
01	0110	AAA0	GRANT 01 Z	\$10	
01	0110	ABA0	GRANT 02 Z	\$15	
01	0110	ACA0	GRANT 03 Z	\$25	
01	0110	ACA0	CASHC LR Z		\$50

Example 2: Cash Consolidation by Each Cash Control Account

You have decided that the specific cash control account you use to effect the inter-fund cash settlement is important. On PAPR, therefore, you tie the clearing account CASHC LR Z to a PBU that is associated with each affected cash clearing account. This is illustrated below.

Project / Sub-project / Phase	Fund	PBU
CASHC LR Z	1200	AAA0
CASHC LR Z	1200	ABA0
CASHC LR Z	1200	ACA0
CASHC LR Z	####	****

= Fund from/to which inter-fund cash settlement will take place

**** = PBU to be used on non-Federal-Fund-accounting-lines of inter-fund cash settlement

The table below illustrates the accounting entries you will make to consolidate your inactive grants' cash balances in CASHC LR Z. Note that these entries are made *within* the Federal Fund.

Account Type	Balance Sheet Account	Program Budget Unit	Project / Sub-project / Phase	Debit	Credit
01	0110	AAA0	GRANT 01 Z	\$10	
01	0110	AAA0	CASHC LR Z		\$10
01	0110	ABA0	GRANT 02 Z	\$15	
01	0110	ABA0	CASHC LR Z		\$15
01	0110	ACA0	GRANT 03 Z	\$25	
01	0110	ACA0	CASHC LR Z		\$25

Example 3: Inter-fund Cash Settlement

You will use the JVT to effect the inter-fund settlement of your inactive grants' cash balances. The inactive grants in the foregoing examples had *negative* cash balances. This condition necessitates an inter-fund cash transfer *from* a state fund. This is illustrated below from the perspective of Example 1 where the Federal Fund cash control account to use is not important.

Fund	Acct. Type	BSA	Obj/Rev Source	PBU	Proj / Sub-proj / Phase	Debit	Credit
1200	01	0110		ACA0	CASHC LR Z	\$50	
1200	31		N1@@	ACA0	CASHC LR Z		\$50
####	22		T*12	****	CASHC LR Z	\$50	
####	01	0110		****	CASHC LR Z		\$50

N1@@ = Revenue Source code representing the fund from which the transfer is to be made
 * = Value appropriate to the applicable allotment control level (e.g., if General Fund: "1" equals Personal Services; "3" equals Operating Expenses; "4" equals Grants, Loans, Benefits; "5" equals Debt Service; and "6" equals Capital Outlay.
 #### = Fund from/to which inter-fund cash settlement is to be made
 **** = PBU used on non-Federal-Fund-accounting-lines of inter-fund cash settlement

From the perspective of Example 2 where the Federal Fund cash control account to use is important, your JVT would take on an appearance similar to the following.

Fund	Acct. Type	BSA	Obj/Rev Source	PBU	Proj / Sub-proj / Phase	Debit	Credit
1200	01	0110		AAA0	CASHC LR Z	\$10	
1200	31		N1@@	AAA0	CASHC LR Z		\$10
1200	01	0110		ABA0	CASHC LR Z	\$15	
1200	31		N1@@	ABA0	CASHC LR Z		\$15
1200	01	0110		ACA0	CASHC LR Z	\$25	
1200	31		N1@@	ACA0	CASHC LR Z		\$25
####	22		T*12	****	CASHC LR Z	\$50	
####	01	0110		****	CASHC LR Z		\$50

N1@@ = Revenue Source code representing the fund from which the transfer is to be made
 * = Value appropriate to the applicable allotment control level (e.g., if General Fund: "1" equals Personal Services; "3" equals Operating Expenses; "4" equals Grants, Loans, Benefits; "5" equals Debt Service; and "6" equals Capital Outlay.
 #### = Fund from/to which inter-fund cash settlement is to be made
 **** = PBU used on non-Federal-Fund-accounting-lines of inter-fund cash settlement

If some of your inactive grants have *positive* cash balances, an inter-fund transfer *to* a state fund is necessary. The debit and credit entries you will make in this case are illustrated in the following tables.

If the Federal Fund cash control account from which the settlement is to be made is not important, the entries will resemble those below.

Fund	Acct. Type	BSA	Obj/Rev Source	PBU	Proj / Sub-proj / Phase	Debit	Credit
1200	01	0110		ACA0	CASHC LR Z		\$50
1200	22		T1^^	ACA0	CASHC LR Z	\$50	
####	31		N112	****	CASHC LR Z		\$50
####	01	0110		****	CASHC LR Z	\$50	

T1^^ = Object code representing the fund to which the transfer is to be made

= Fund from/to which inter-fund cash settlement is to be made

**** = PBU used on non-Federal-Fund-accounting-lines of inter-fund cash settlement

If the Federal Fund cash control account from which the settlement is to be made is important, the entries will resemble those below.

Fund	Acct. Type	BSA	Obj/Rev Source	PBU	Proj / Sub-proj / Phase	Debit	Credit
1200	01	0110		AAA0	CASHC LR Z		\$10
1200	22		T1^^	AAA0	CASHC LR Z	\$10	
1200	01	0110		ABA0	CASHC LR Z		\$15
1200	22		T1^^	ABA0	CASHC LR Z	\$15	
1200	01	0110		ACA0	CASHC LR Z		\$25
1200	22		T1^^	ACA0	CASHC LR Z	\$25	
####	31		N112	****	CASHC LR Z		\$50
####	01	0110		****	CASHC LR Z	\$50	

T1^^ = Object code representing the fund to which the transfer is to be made

= Fund from/to which inter-fund cash settlement is to be made

**** = PBU used on non-Federal-Fund-accounting-lines of inter-fund cash settlement

Step 5 – For grants that will be converted, record corrections to “out-of-balance” conditions

You will regularly monitor the Federal Fund Account Balances by Grant report watching for active grants with grant totals that are not zero. This condition indicates that the sum of the grant's debit transactions does not equal the sum of its credit transactions. When you identify such a condition, you will have to determine its cause and correct it.

A JVM that posts an asset without a Project/Sub-project/Phase is the typical cause of this out-of-balance condition. The correction consists of reversing the accounting line without Project/Sub-project/Phase and recording a line containing a value in the field.

Here is a procedure you should follow to search for the cause of out-of-balance conditions. If you complete Step 2 as this guide instructs, the Active Grants with Non-Zero Totals report will enable you to identify grants that are out of balance. You can then use the JVMs for a Specified Grant report to identify the JVMs that posted against one of the grants in question. The JVs listed on this report may or may not explain the out-of-balance condition, but they will represent the most likely cause. You can then use the Q_JVMs_UserSpecified query to “look up” the JVs shown on the report.

A JV that results in an out-of-balance condition will look similar to the illustration to follow.

Project/ Sub-project/ Phase	Account Type	Balance Sheet Account	Object Revenue Source) (or	Line Amount
	01	0110		\$5000
12345-12-Z	22		E111	(\$4300)
12345-12-Z	22		E121	(\$300)
12345-12-Z	22		E122	(\$200)
12345-12-Z	22		E123	(\$200)

The JV illustrated above contains a line without a grant number that debits cash for \$5000 and four lines containing grant number 12345-12-Z that credit expenditures for \$4300, \$300, \$200 and \$200 respectively. Because the debit to cash did not contain a grant number, the increase to cash shows up on the Federal Fund Account Balances by Grant report without a grant number instead of with grant 12345-12-Z as it should have.

In the illustration above the necessary correction is a JVM containing the lines illustrated below.

Account Type	Balance Sheet Account	Job Number	Debit Amount	Credit Amount
Asset	0110			\$5000
Asset	0110	1234512Z	\$5000	

The JVM above moves cash from the accounting string that does not contain a grant number to the accounting string containing grant number 12345-12-Z. You must take care to get the debit and credit amounts on the correct lines. Your objective is to reverse the effect on cash of the JV that produced the out-of-balance condition. In our example, the JV that produced the out of balance condition contained a debit to cash (positive value) without a grant number. As a result our correcting JVM contains a credit to cash without a grant number.

The JVM lines you create to correct for this condition should reference the JV you are correcting. By doing this you will make it easier to identify the cause of a continuing out-of-balance condition should you make a mistake with one of your corrections.

It is very important that you carry out this step of the work plan in the manner described. Your ensuring that your grants to be converted to eMARS sum to zero in MARS provides additional assurance that the cash balances we convert to eMARS by grant will be correct.

Call for assistance if you need it

If you have performed Steps 1 through 5 and you still have active grants that are out-of-balance, call Fred Hill at (502) 573-6806 extension 3462 for assistance.

Step 6 – For grants that will be converted, clean up cash and related nominal balances

You should work on ensuring that the cash balance in grants that will convert from MARS to eMARS conforms to the standard set out at the beginning of this guide. If it is negative it should represent the as yet un-reimbursed Federal share of the grant's costs (i.e., it is truly receivable from the grantor). If it is positive, it should represent a Federal advance that has not yet been spent on the Federal share of allowable costs.



You should record corrections for cash balances that fail to meet this test. You should use a JVC to move un-reimbursable expenditures currently in the Federal Fund to a state fund. You should use a JVT to move any cash not belonging to the grantor to a state fund. The latter condition usually results from the grantor's reimbursement of indirect costs not reflected in the Federal Fund, which is typically the result of an application of an overhead rate to direct costs.

Year-end and New Year Processes

Since the conversion from one version of an automated system to another version is an infrequent occurrence, some year-end and new year procedures will be differ from the past. Here are a few things relating to grants of which you should be aware.

MARS' final project billing will occur on July 7, 2006 (Friday). The generated JVMs will be processed; the generated REs and C1s will not be processed. This affects grant accountants in the following two ways:

- You will manually create eMARS Cash Receipt documents to record reimbursements of fiscal 2006 activity. These documents should effect the inter-agency revenue distribution that project billing normally takes care of.
- You will report eMARS fiscal 2007 revenue resulting from MARS fiscal 2006 activity as a Receivable in your fiscal 2006 CAFR closing package.

The Final MARS Project Billing report is intended to help you perform the two tasks above. However, be aware that the report presents MARS' chart of accounts elements and data. You will have to translate this into eMARS data.